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**48th
Annual Report
1975
Trust Général**



Highlights

| | 1975 | 1974 |
|----------------------------------|----------------------|---------------|
| Operating profit | \$ 1 830 000 | \$ 1 314 000 |
| Operating profit — per share | 2.03 | 1.46 |
| Dividends — per share | 1.28 | 1.28 |
| Shareholders' equity | 17 014 000 | 16 328 000 |
| Shareholders' equity — per share | 18.90 | 18.14 |
| Deposits | 384 832 000 | 339 703 000 |
| Mortgage loans | 239 700 000 | 215 230 000 |
| Assets under administration | 1 898 001 000 | 1 735 530 000 |



48th Annual Report 1975

The year which has recently come to a close was one of remarkable achievement in all sectors of your Company's activities. Financial results were excellent and encouraging by almost any measure, with Total Assets Under Administration, Deposits (both Guaranteed Certificates and Savings Accounts), Gross Income and Net Earnings all registering higher levels than in the previous year.

Caution must be exercised, however, in presenting trust company statistics for the last fiscal period so that current favourable earnings are not over-emphasized, since they are being compared with the depressed results published last year by most trust companies, including TRUST GENERAL, when our fiduciary and financial intermediary operations became engulfed in a protracted period of dramatically high interest rates, inflationary pressure and generally unfavourable economic conditions.

There is still some terrain to be regained before the performance of our service-oriented and labour-intensive industry is back firmly on the growth pattern of the last decade, both in assets and aggregate earnings. Our industry faces challenging times. Success will depend more than ever on an aggressive marketing program, resourceful investment policies and a relentless, realistic control of operating costs.

In my Annual Report last year, after commenting at some length on the unusually turbulent period through which trust companies had just navigated, I expressed the shared feeling that we expected a new wave of problems and challenges in conducting the business of your fiduciary institution in the forthcoming fiscal period. That assessment proved to be reasonably correct.

In 1975 the performance of the Canadian economy was generally sluggish. We suffered from an almost negative growth in Gross National Product. Interest rates continued to be persistently high by historic standards, and inflation, rampant and brutally damaging, followed its seemingly unrelenting path to higher levels with no apparent sign of imminent abatement.

Highlights from the president's address at the annual meeting

Notwithstanding this unfavourable economic climate, we can look back on 1975 with satisfaction as a year of positive progress and achievement for your institution. In retrospect, it was also a year in which the pace of change continued to accelerate, requiring managerial resourcefulness and diligent, flexible response to the financial and investment requirements of our clients.

The Federal Government announced in October a sweeping economic programme designed to cope simultaneously with inflation and economic instability. At this early stage it is impossible to estimate the true impact that this new policy venture will actually have upon the economic recovery of Canada.

Inflationary forces are deeply embedded in our economy. The price index has climbed dangerously as a consequence of expectations outdistancing economic performances. The upward course of costs and prices cannot be ended either rapidly or effortlessly. The effort must be made, however, if a sound basis is to be re-established.

The financial results A review of our operations this year shows clearly that our substantial growth is, in a large measure, attributable to the inherent strength of our basic business and to an appreciable improvement in the quality of our investment assets, coupled with rigorous cost controls, rather than to any specific circumstance that was peculiar to the economy in 1975.

Total Operating Revenues, which are derived from interest and investment income, fees earned in our fiduciary services, commissions on real estate sales, and other miscellaneous income, exceeded \$44,000,000 as against \$39,000,000 earned last year. Income from securities and outstanding mortgages advanced by 12%, as both the average investment in these earning assets and the average yield increased over the previous year.

One of the most important indicators of the health and vitality of a fully integrated trust company is the income generated by the wide range of its services and all our



President and Chief Executive Officer,
Robert Jussaume.

fiduciary departments continued to be substantial contributors to overall earnings in 1975. Income from Personal Trusts and Estates settlement and administration alone rose to over \$4,000,000, for an increase of close to 14%, as total income from fees and commissions amounted to \$9,933,000.

Expenses While Total Operating Revenue of \$15,450,000, exclusive of interest, rose by 23% as compared with \$12,500,000 earned in 1974, Total Operating Expenses, not including interest

costs, increased by 20% for the year. 1975 for TRUST GENERAL may be characterized as a period of consolidation, a year in which we were again harassed by a constant pressure against earnings. We have done much to moderate this upward surge in operating expenses through the implementation of a forceful and rigorous internal costs control program, extending into every area of our activities, both at Head Office and in all our branches. Substantial economies were attained through additional mechanization and computerization, more efficient handling of certain time-consuming operations and more effective utilization of staff.

Salaries and related supplementary employee benefits, which constitute the largest category of operating expenses, rose to over \$5,845,000. In addition to merit increases, employees benefited from a cost-of-living adjustment in June and retiree pensions, eroded by inflation, were also supplemented through adjustments in monthly remittances.

It is gratifying, indeed, that while we experienced an increase of 20% in the cost of doing business, total operating expenses in 1975 represent 81.7% of our total revenue as against 84% last year. Our expense control programmes command our continuing attention as an integral part of our management policy.

Earnings and Dividends Net Operating Earnings, after depreciation and both Federal and Provincial Income Taxes, amounted to \$1,830,000, or \$2.03 per share, as compared with \$1,314,000, or \$1.46 per share, earned in 1974, for an increase of 39%.

The regular quarterly dividend of \$0.32 per share was



paid in each of the four quarters of 1975, for a total payment of \$1.28 per share. These dividends, amounting to \$1,152,000 on 900,000 shares outstanding, represent a payment of 63% of our Net Income after Depreciation and Income Taxes, with the balance being retained as an addition to equity capital to strengthen the financial stability of your Company and contribute to its future growth.

Shareholders' Equity Shareholders' Equity on the 31st of December stood at \$17,014,000, or \$18.90 per share. We are happy to report that last year's performance, measured in terms of shareholders' equity, showed encouraging improvement. During 1975 Net Income calculated as a percentage of shareholders' equity was 11.3%, as compared with 8.5% earned in the previous year. This improvement reverses a downward trend experienced in the previous two fiscal periods.

Mortgage Loans As part of the Federal Government's efforts to activate and stimulate the housing industry, lending institutions, particularly trusts, banks and insurance companies, will be expected to increase fairly substantially their mortgage lending activities during the coming year.

A trust company's opportunity to deal meaningfully and constructively with an ever-demanding and pressing social issue is through its mortgage facilities. Our mortgage loans are heavily concentrated on residential properties – both on single-dwellings and apartments – and total loans now amount to 58% of our total investments. It is significant to note that in the short period from early 1973 to date mortgages in the Company account rose from \$114 million to \$239 million. In addition, an impressive volume of mortgage loans was also contracted for numerous accounts such as Pension Funds, Agencies and Estates Under Administration.

Increased Savings and Guaranteed Deposits, and the normal capital amortization of our mortgage portfolio through monthly capital and interest repayments, which now exceed in the aggregate over \$20,000,000 annually, necessitated greater effort in an intensely competitive market to invest more funds in N.H.A. and conventional loans.

In 1975, we experienced an increase in new mortgage commitments. The expansion of our mortgage portfolio, however, was controlled to maintain a reasonable spread between interest income and the expense incurred on our deposits, and to insure a proper relationship between loans and deposits. Great care was also exercised to maintain sound credit requirements in making new mortgage commitments for the greater protection of our borrowing clients and depositors. Our mortgage contracts are for a term of five years and the average loan is for an amount of slightly less than \$40,000.

Deposits Guaranteed Deposits at the end of our last fiscal period stood at \$385,000,000, an increase of 13.3%.

We were successful in attracting a good volume of longer-term deposits, particularly for terms of three to five years. In line with our established policy, we refrained from aggressively soliciting potential short-term deposits which are too volatile and sensitive to rapid fluctuations in rates. Over 75% of the \$385,000,000 in deposits are covered by certificates which were initially issued for terms of one to five years, with a heavy concentration in five-year maturities. The renewal experience on these longer term deposits is excellent.

The trust industry, which was plagued by historically high interest rates during 1974, benefited from an improved operating environment, which became evident during the first quarter of 1975, with declines in both medium and short term interest rates and a return to a more normalized spread between five-year Guaranteed Deposit Certificates and shorter term deposits of less than one year. During this period the Bank of Canada followed a more expansionary monetary policy to accommodate heavy borrowing by the Government and also substantial financing demands in the private sector.

Rates on our 90-day deposit certificates dropped from a high of 9½% at the beginning of the year to a low mark of 6¼% by the end of March. While monetary policy remained expansionary and accommodating, this short period of comparatively lower interest rates was then



followed by successive upward adjustments and this phenomenon was particularly more pronounced in the short-term sector. The upward trend in rates, however, was gradual and the market was not subjected to abrupt escalations in interest rates. General market conditions therefore enabled us to enjoy a higher degree of success in matching investment maturities with deposits.

Savings Deposits Each of our fourteen branch-offices added substantially to deposits during 1975. Total Savings

Deposits showed an increase of 23% and now exceed \$19,000,000. This is particularly noteworthy because savings facilities were only recently inaugurated at three of our new branches and promise to become important contributors to corporate earnings in the future.

Subordinated Notes Since the enactment of new legislation by the Federal Government and the Province of Quebec, trust companies are now permitted to broaden their capital base through the issuance of subordinated notes and thereby increase their deposit-taking capabilities.

Chartered banks frequently make use of this method to raise capital and it is now generally recognized that other financial institutions, including trust companies, should, competitively speaking, enjoy the same flexibility in organizing their capital structure.

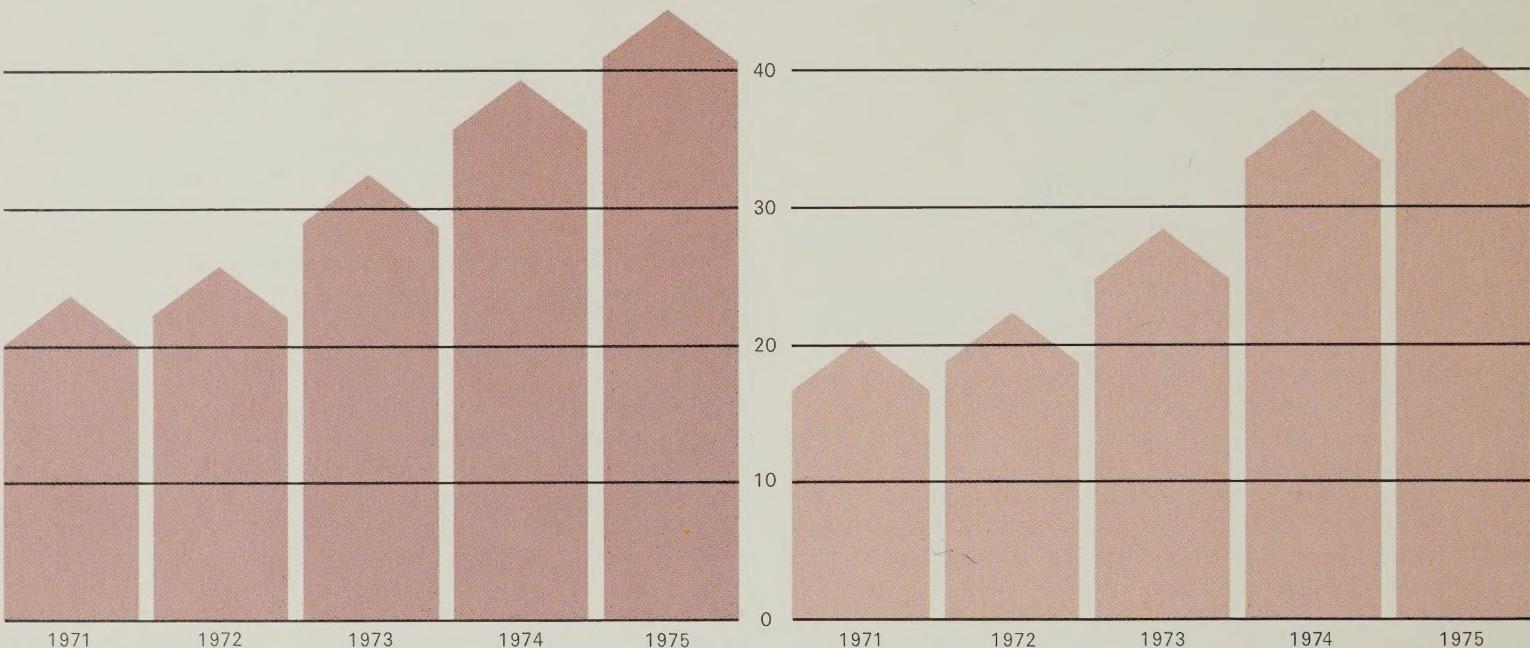
There must be, at all times, a proper relationship between capitalization and total deposits. Governing legislation for Trust Companies in most Provinces provides that deposits should not exceed the equivalent of twenty times the capital base. A troublesome problem developed in the trust industry in the last decade when increases in shareholders' equity failed to keep pace with the rapid and steady growth in deposits. The new legislation is particularly important because before its adoption trust companies could only enlarge their capital base either through the slow process of retained earnings or by resorting to periodic equity financing in the form of common or preferred stock issues, at the risk of seriously diluting common share earnings.

Profile of Operations

in millions of dollars

Revenue

Expenses



Operating profit

in thousands of dollars

Dividends

in thousands of dollars



In October we made a private placement of \$3,750,000 of subordinated notes at the rate of 10 1/4% for a term of five years and Guaranteed Deposits are now comfortably within the limit of twenty times the capital base and, with expected reasonable additions to our capitalization through retained earnings, we estimate that deposits can reach at least \$550,000,000 before we will be in need of more capital to achieve further growth.

\$1,900 million under administration

Total Assets Under Administration show a steady rise nearly every year and now stand at over \$1,900,000,000. Assets in Estates, Trusts and Agencies, for an amount exceeding \$1.5 billion, are not included as an integral part of our Financial Statements.

With the expansion programme that we launched three years ago, we are now the only trust company operating in Quebec which has fully-integrated service facilities in all the major strategic areas of the Province from Hull to Rimouski and Sept-Iles. The broad range of our fiduciary facilities and the reputation of our experienced staff for thoughtful and personal service continue to attract a growing clientele. Trust Departments both at Head Office and in our numerous branches registered impressive gains in the acquisition of new accounts and in operating income.

In our Corporate Trust division, we were appointed to act as trustee for more than \$335,000,000 in new bond and debenture issues. There was less activity in our Transfer Department because of general stock market conditions. The Pension Trust Department has continued its steady growth with assets under management, number of accounts and fee income all reaching higher levels.

Real Estate Department Real Estate sales operations continued to expand, rather appreciably, in 1975. We opened two new sales offices (Shawinigan and Montreal East) and the sales force has grown in recent months from 115 to 170 representatives located in 17 branches. Gross Commissions earned amounted to \$3,597,000, for an increase of 47% over the results achieved in 1974.

Sherbrooke Trust Company Our principal subsidiary,



the Sherbrooke Trust Company, now has over \$100,000,000 in Total Assets Under Administration. The Company enjoyed a record year in terms of asset growth and earnings. Assets and Liabilities and the operating results are consolidated in our Financial Statements but the Company publishes a separate Annual Report. Our long-standing policy is to allow this Eastern Townships Company autonomy in managing its own affairs, while maintaining consistency with the main thrust of our corporate objectives. We provide general management assistance and

specialized services to the Sherbrooke Trust in investment research, marketing, computer services, as well as internal auditing.

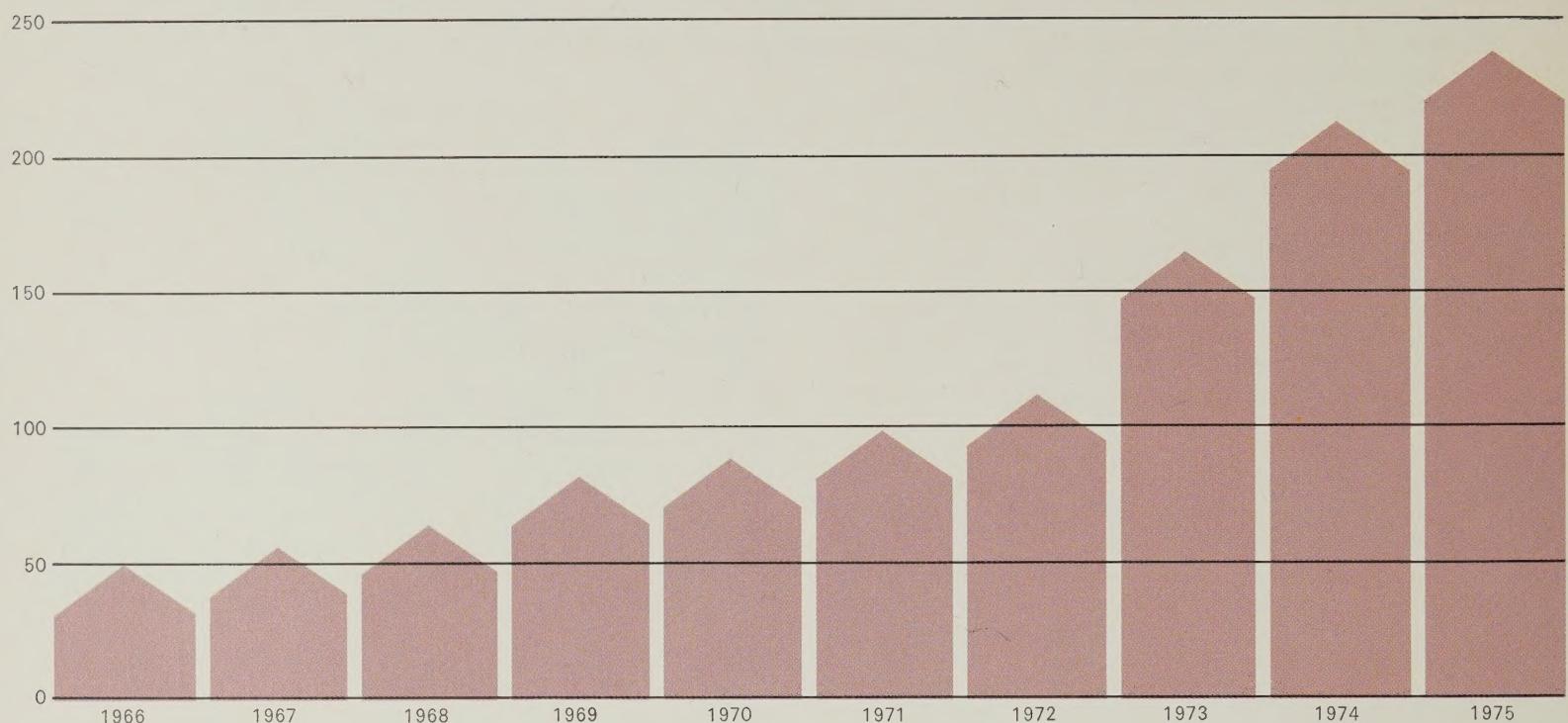
Total deposits now exceed \$49,000,000. In view of the substantial growth in deposits and to facilitate the future expansion of our subsidiary, the Capital Stock of the Company was increased in November by a subscription of 10,000 additional shares at a price of \$60.00 per share. Your Company owns over 93% of the 40,000 outstanding shares of the Sherbrooke Trust.

Directors It is with deep sorrow and regret that we record the passing last October of a friend and a fellow member of your Board of Directors, the Honourable Edouard Asselin, Q.C. A former Bâtonnier of the Province of Quebec and Montreal, Mr. Asselin devoted many years of his life to public affairs as a distinguished Leader of the Quebec Legislative Council. He served your Company well and faithfully for more than twenty-seven years as a Director, member of the Executive Committee and at the annual meeting in 1973, he was named Honourary President of Trust General. He made a significant contribution to the affairs and progress of your Company and will be greatly missed.

During the course of the year, Dr. Roger Gaudry, C.C., D.Sc., President of the International Association of Universities and formerly Rector of the University of Montreal, and Mr. Jean-Marie Poitras, President, The Laurentian Mutual Assurance Company, felt it necessary to resign from the Board of Directors because of other commitments. We wish to thank them for their advice and counsel during their terms of office as Directors of your Company.

Mortgage loans

in millions of dollars



Maturity of deposits

in thousands of dollars

| | Total | Term deposits | Demand deposits | Savings |
|--------------|----------------|----------------|-----------------|---------------|
| 1976 | 174 637 | 133 872 | 21 709 | 19 056 |
| 1977 | 51 002 | 51 002 | | |
| 1978 | 53 632 | 53 632 | | |
| 1979 | 51 715 | 51 715 | | |
| 1980 | 53 126 | 53 126 | | |
| 1981 et plus | 720 | 720 | | |
| Total | 384 832 | 344 067 | 21 709 | 19 056 |

Mr. Jacques St-Aubin, Executive Vice-President, expressed his desire to be relieved of his daily executive activities upon attaining the mandatory age of retirement on February 1st, 1976. He has been associated with your institution since 1929 and has made a great and outstanding contribution to its success over this span of 46 years. We are happy, indeed, that he will continue to serve your Company as a Consultant and member of the Board of Directors.

Mr. Raymond Sirois, Rimouski, Quebec, Mr. Paul E. Fortier, Sherbrooke, and Mr. Louis Archambault, General Manager, were elected to the Board of Directors. Mr. Sirois is Chairman, President and Chief Executive Officer of Quebec Telephone and also Vice-President – Operations, Quebec Communications, Inc. and a Director of The Bonaventure and Gaspé Telephone Co. Mr. Fortier is Vice-President and a Director of our subsidiary, The Sherbrooke Trust, and also Vice-President of Sherbrooke Real Estate Company.

Management Several important senior executive appointments were made recently to strengthen your institution's administrative capabilities in many key management sectors of our expanding operations.

Mr. Louis Archambault, LL.B., General Manager, was named Executive Vice-President and General Manager.

Seven Vice-Presidents were appointed:

Mr. Maurice Myrand, C.A., Vice-President, Finance and Administration
Mr. Roger Chiniara, LL. L., Vice-President, Investments and Corporate Trusts
Mr. Pierre Favreau, B.Sc. com., Vice-President, Estates and Trusts
Mr. Guy Achim, C. A., Vice-President, Administrative Services



Mr. Gilles N. Besner, LL. L., F.T.C.I., Vice-President, Marketing and Development
Mr. Gérard Laverdière, LL. L., Vice-President, Quebec Region
Mr. Ronald Portugais, Vice-President, Controller.

The following were appointed Assistant Vice-Presidents:
Mr. Anatole Côté, L.Sc. com., Assistant Vice-President, Finance and Administration
Mr. Oscar Lauzon, Assistant Vice-President, Corporate Trusts

Mr. Gaston Pouliot, LL. B., Assistant Vice-President, Administration Services
Mr. Réjean Ostiguy, L.Sc. com., Assistant Vice-President, Mortgage Loans
Mr. Gilles Séguin, C. A., was appointed Treasurer.

Summary We succeeded in achieving favourable results in a year when economic developments on a broad front were predominantly disappointing. Today's economic climate, while displaying some signs of improvement, still encompasses disquieting factors. We do not underestimate the magnitude of the task ahead and we remain optimistic, with unwavering confidence in the ability of our strong and resourceful organization to meet the challenges which may arise.

Your company enters its 49th year with a renewed dedication to sound fiduciary principles and we plan to follow our established and proven policy of prudence and sound administration in the management of our clients' estate, agency, investment and deposit accounts. We will continue to give a high priority to estate planning and administration.

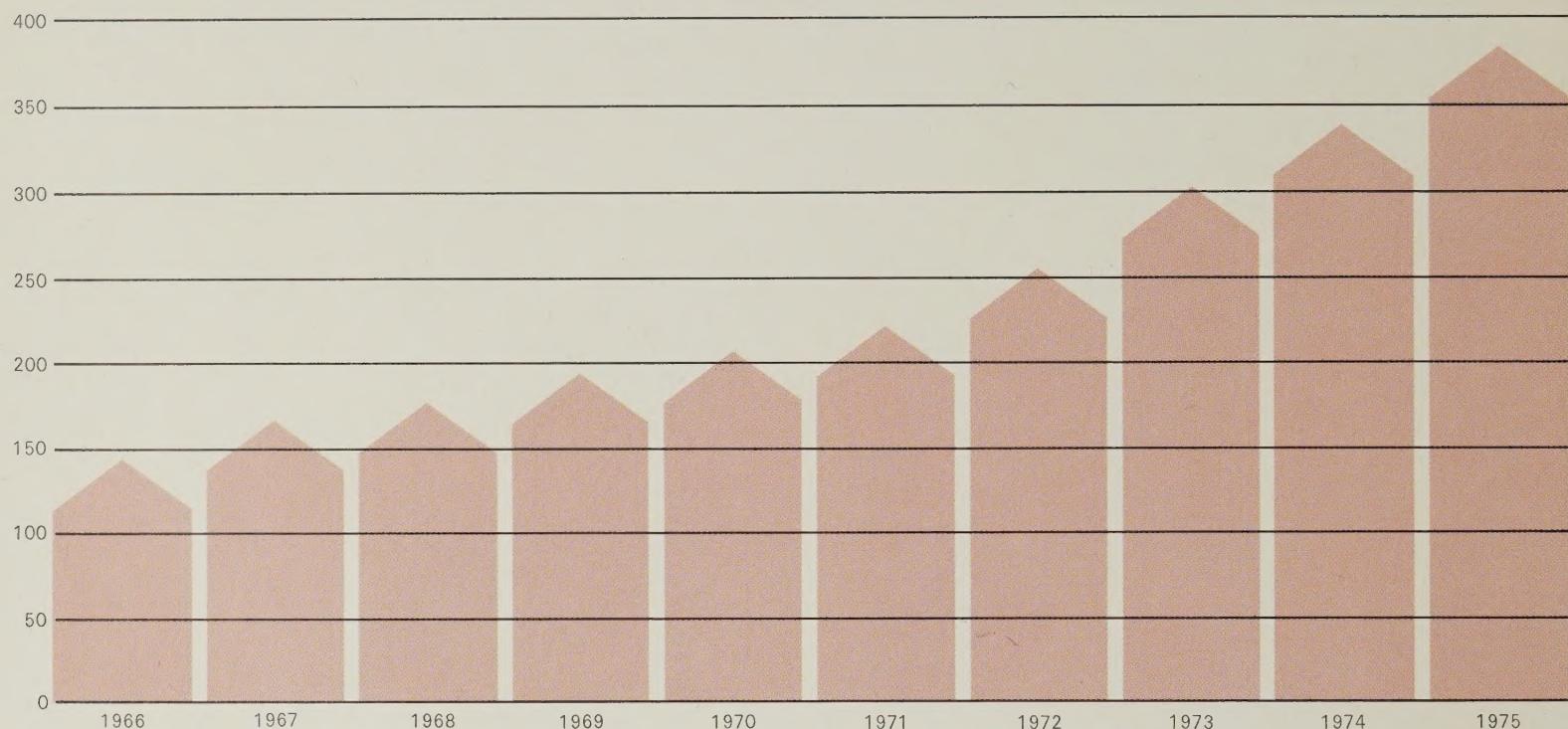
Your Board of Directors wishes, at this time, to express its sincere appreciation to the officers and personnel for their loyal and devoted service throughout the year.

A handwritten signature in black ink, appearing to read "Robert Jussaume".

Robert Jussaume
President and Chief Executive Officer

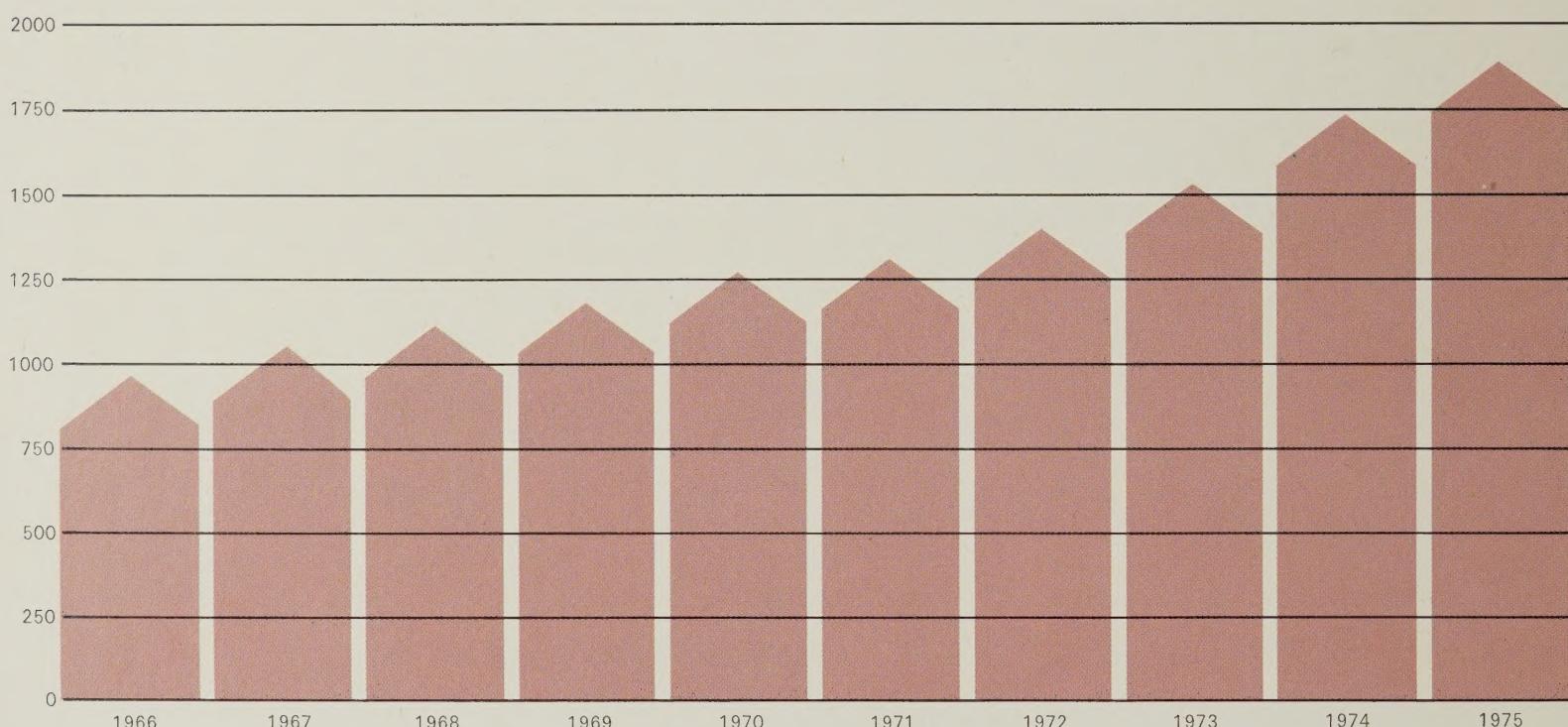
Guaranteed deposits

in millions of dollars



Assets under administration

in millions of dollars





A Real Estate Brokerage managers' meeting, with Director, Jean Dagenais, centre.



The Mortgage Loans Committee. From left to right: Réjean Ostiguy,
Maurice Myrand, Jules Lamy and Claude Charette



**Consolidated
Balance Sheet
as at
December 31,
1975**

| Assets | 1975 | 1974 |
|--|----------------------|---------------|
| Investments (note 2) | | |
| Bonds at amortized cost | | |
| Issued or guaranteed by Canada | \$ 9 895 000 | \$ 8 762 000 |
| Issued or guaranteed by provinces | 14 318 000 | 16 747 000 |
| Municipal and school bonds | 29 008 000 | 31 100 000 |
| Other bonds and notes | 47 851 000 | 52 854 000 |
| Common and preferred shares at cost | 8 215 000 | 5 858 000 |
| | 109 287 000 | 115 321 000 |
| Other investments, at cost | | |
| Call loans | 9 723 000 | 6 243 000 |
| Mortgage loans | 239 700 000 | 215 230 000 |
| Properties | 3 398 000 | 2 617 000 |
| Advances to clients | 2 555 000 | 3 588 000 |
| Cash and bank deposit receipts | 42 403 000 | 12 058 000 |
| Total investments | 407 066 000 | 355 057 000 |
| Other assets, at cost | 1 058 000 | 1 226 000 |
| Fixed assets at cost less depreciation (note 3) | 2 401 000 | 2 541 000 |
| | \$410 525 000 | \$358 824 000 |

On behalf of the Board,

Arthur Simard, Director
Robert Jussaume, Director

| Liabilities | 1975 | 1974 |
|-----------------------|----------------------|---------------|
| Guaranteed deposits | \$384 832 000 | \$339 703 000 |
| Other liabilities | 790 000 | 594 000 |
| Dividends payable | 288 000 | 288 000 |
| Income taxes | 1 928 000 | — |
| | 387 838 000 | 340 585 000 |
| Deferred income taxes | 1 750 000 | 1 786 000 |
| Minority interest | 173 000 | 125 000 |
| | 1 923 000 | 1 911 000 |

Capital Funds

Subordinated notes, Series "A", 10¾%,
maturing October 1, 1980

3 750 000

Shareholders' equity

Common shares (\$5.00 par value)

Authorized : 1 800 000 shares

Issued : 900 000 shares

4 500 000

4 500 000

Contributed surplus

2 627 000

2 627 000

Retained earnings

9 887 000

9 201 000

17 014 000

16 328 000

\$410 525 000

\$358 824 000

**Consolidated
statement of
revenue and
expenses for
the year ended
December 31,
1975**

| | Revenue | 1975 | 1974 |
|---|---------------------|--------------|------|
| Interest from mortgages and other loans | \$ 23 639 000 | \$19 618 000 | |
| Interest and dividends from investments | 10 712 000 | 11 066 000 | |
| Fees | 6 336 000 | 5 626 000 | |
| Commissions from real estate sales | 3 597 000 | 2 445 000 | |
| Miscellaneous | 183 000 | 144 000 | |
| Total revenue | 44 467 000 | 38 899 000 | |
| Expenses | | | |
| Interest expenses | 29 016 000 | 26 402 000 | |
| Salaries, contributions to pension fund and other staff benefits | 5 845 000 | 5 307 000 | |
| Commissions to real estate agents | 2 225 000 | 1 440 000 | |
| Directors' fees | 70 000 | 76 000 | |
| Premises and equipment expenses | 1 381 000 | 1 242 000 | |
| Other expenses | 3 099 000 | 2 417 000 | |
| Total expenses | 41 636 000 | 36 884 000 | |
| Profit before income taxes | 2 831 000 | 2 015 000 | |
| Income Taxes (note 5) | | | |
| Current | 1 195 000 | 322 000 | |
| Deferred | (211 000) | 367 000 | |
| Total | 984 000 | 689 000 | |
| Minority interest | 1 847 000 | 1 326 000 | |
| | 17 000 | 12 000 | |
| Operating Profit | 1 830 000 | 1 314 000 | |
| Other income | | | |
| Gain on realization of investments less income taxes applicable | 8 000 | 56 000 | |
| Profit for the year | \$ 1 838 000 | \$ 1 370 000 | |
| Per share | | | |
| Operating profit | \$2.03 | \$1.46 | |
| Gain on realization of investments | 0.01 | 0.06 | |
| Total | \$2.04 | \$1.52 | |
| Dividends | \$1.28 | \$1.28 | |

**Consolidated
retained
earnings for
the year ended
December 31,
1975**

| | 1975 | 1974 |
|---------------------|---------------------|--------------|
| Balance January 1 | \$ 9 201 000 | \$ 8 983 000 |
| Profit for the year | 1 838 000 | 1 370 000 |
| | 11 039 000 | 10 353 000 |
| Dividends | 1 152 000 | 1 152 000 |
| Balance December 31 | \$ 9 887 000 | \$ 9 201 000 |

**Notes to
Consolidated
Financial
Statements at
December 31,
1975**

Note 1: Principles of Consolidation

The consolidated financial statements include the accounts of the subsidiary, Sherbrooke Trust Company, held at 93.23% and of the wholly owned subsidiary Prêt Ville-Marie, Inc.

Note 2: Investments

| | 1975 | 1974 | |
|-----------------------------|----------------------|--------------------|---------------|
| | Book Value | Market Value | Book Value |
| Canada and Provincial bonds | \$ 24 213 000 | 21 336 000 | 25 509 000 |
| Other bonds and notes | 76 859 000 | 73 171 000 | 83 954 000 |
| Common and preferred shares | 8 215 000 | 8 517 000 | 5 858 000 |
| | \$109 287 000 | 103 024 000 | 115 321 000 |
| | | | 108 800 000 |

Note 3: Fixed Assets

| | 1975 | 1974 | |
|------------------------|---------------------|------------------|-----------|
| | Cost | Depreciation | Cost |
| Properties | \$ 1 030 000 | 451 000 | 1 027 000 |
| Leasehold improvements | 1 687 000 | 708 000 | 1 614 000 |
| Office furniture | 2 219 000 | 1 376 000 | 2 125 000 |
| | \$ 4 936 000 | 2 535 000 | 4 766 000 |
| | | | 2 225 000 |

Depreciation of fixed assets is based upon estimated life of each category. Depreciation charged to operations amounted to \$334 000 for 1975 and \$293 000 for 1974.

Note 4: Commitments

- a) Outstanding commitments at December 31, 1975 for future advances to be secured by mortgages amounted to \$ 10 774 000.
- b) The company is trustee and manager of Trust General "H" Fund the purpose of which is the investment of its assets in first mortgages on properties in Canada. It is anticipated that there will be ample cash and marketable securities available to cover the withdrawal by participants in the fund from time to time. However should the withdrawals exceed the cash and marketable securities then available, the company has guaranteed to purchase or find a purchaser for such number of the mortgages held by the fund at a price not less than 95% of the value thereof so as to realize sufficient funds to pay such withdrawals. At December 31, 1975 the total assets of Trust General "H" Fund aggregated \$8 400 000.
- c) The contractual commitments in relation to leased premises of the company are as follows:

| | |
|---------------------|---------------------|
| Five years and less | \$ 3 098 000 |
| Six to ten years | 1 055 000 |
| | \$ 4 153 000 |

Note 5: Comparative Figures

For comparison purposes, some figures of 1974 financial statements have been reclassified.

Auditors' Report to the shareholders

We have examined the consolidated balance sheet of Trust Général du Canada and its subsidiaries as at December 31, 1975 and the consolidated statements of revenue and expenses and retained earnings for the year ended on that date. We have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

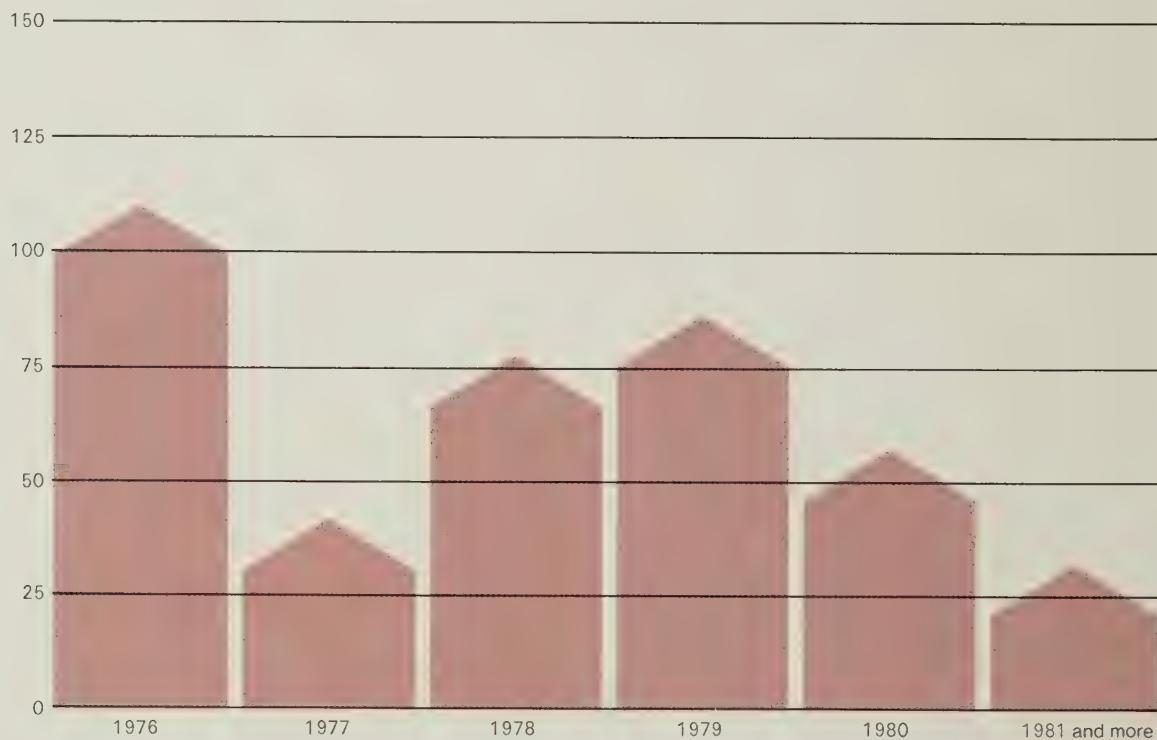
In our opinion, according to the best of the information and explanations given to us and as shown by the books, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company and its subsidiaries as at December 31, 1975 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year.

Samson, Bélair & Associés
Chartered Accountants

Montreal, February 2, 1976

Maturity of investments

in millions of dollars



Maturity of investments

('000 omitted)

| | Total | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 and after |
|---|----------------|---------|--------|--------|--------|--------|-------------------|
| Bonds and notes at amortized cost: | | | | | | | |
| Government of Canada | 9 895 | 2 850 | 1 471 | 2 061 | 1 443 | 1 165 | 905 |
| Provincial governments | 14 318 | 1 616 | 1 731 | 1 408 | 866 | 1 536 | 7 161 |
| Municipal and school bonds | 29 008 | 7 489 | 6 746 | 5 641 | 5 028 | 1 615 | 2 489 |
| Other bonds and notes | 47 851 | 17 789 | 5 832 | 7 193 | 3 551 | 1 477 | 12 009 |
| Call loans | 9 723 | 9 723 | | | | | |
| Mortgage loans | 239 700 | 16 119 | 26 196 | 60 793 | 75 410 | 51 416 | 9 766 |
| Advances to clients | 2 555 | 2 555 | | | | | |
| Cash and bank deposits receipts | 42 403 | 42 403 | | | | | |
| Total | 395 453 | 100 544 | 41 976 | 77 096 | 86 298 | 57 209 | 32 330 |
| Other investments: | | | | | | | |
| Common and preferred shares | 8 215 | 8 215 | | | | | |
| Properties | 3 398 | 3 398 | | | | | |
| Total investments: | 407 066 | 112 157 | 41 976 | 77 096 | 86 298 | 57 209 | 32 330 |

Summary 1970–1975

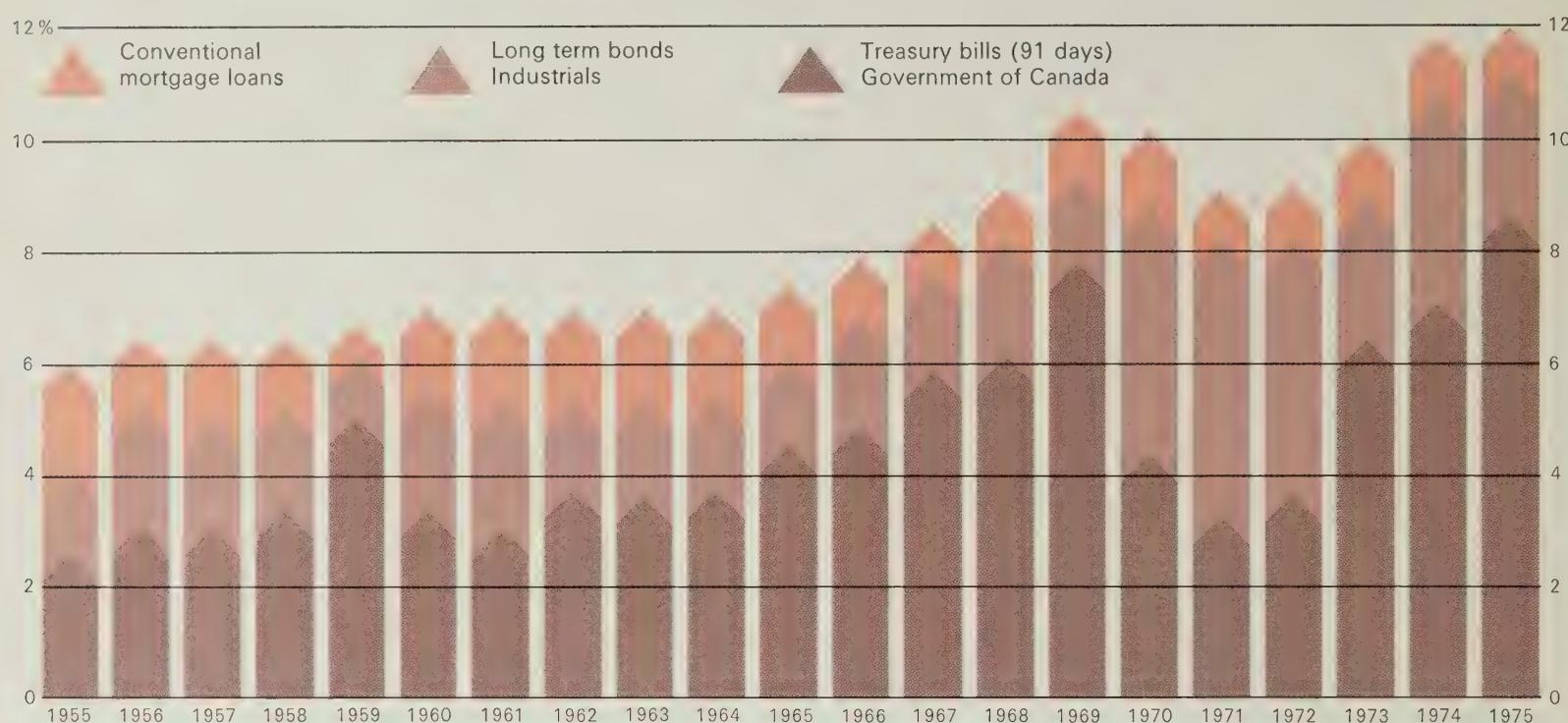
| Comparative financial statistics ('000 omitted) | 1975 | 1974 | 1973 | 1972 | 1971 | 1970 |
|---|------------------|-----------|-----------|-----------|-----------|-----------|
| Income from investments | 34 351 | 30 684 | 25 245 | 19 711 | 18 218 | 17 239 |
| Fees and commissions | 10 116 | 8 215 | 6 932 | 5 972 | 5 239 | 5 104 |
| Total revenue | 44 467 | 38 899 | 32 177 | 25 683 | 23 457 | 22 343 |
| Interest expense | 29 016 | 26 402 | 20 090 | 15 238 | 13 893 | 14 102 |
| Other operating expenses | 12 620 | 10 482 | 8 534 | 6 977 | 6 401 | 5 827 |
| Total expenditure | 41 636 | 36 884 | 28 624 | 22 215 | 20 294 | 19 929 |
| Operating profit | 1 830 | 1 314 | 1 981 | 1 944 | 1 811 | 1 303 |
| Other revenue and extraordinary expense | 8 | 56 | 73 | 192 | (59) | 73 |
| Profit for the year | 1 838 | 1 370 | 2 054 | 2 136 | 1 752 | 1 376 |
| Dividends | 1 152 | 1 152 | 1 098 | 1 080 | 990 | 877 |
| Per share: | | | | | | |
| Operating profit | 2.03 | 1.46 | 2.20 | 2.16 | 2.01 | 1.45 |
| Dividends | 1.28 | 1.28 | 1.22 | 1.20 | 1.10 | 0.97 |
| Net worth — as per balance sheet | 18.90 | 18.14 | 17.90 | 16.84 | 15.66 | 14.82 |
| Assets under administration ('000 omitted) | | | | | | |
| Estates, Trusts and Agencies | 1 487 476 | 1 376 706 | 1 206 278 | 1 124 060 | 1 079 536 | 1 043 568 |
| Guaranteed deposits | 384 832 | 339 703 | 301 795 | 254 678 | 221 000 | 207 644 |
| Assets of the company | 25 693 | 19 121 | 18 302 | 17 724 | 16 566 | 15 597 |
| Total of assets under administration | 1 898 001 | 1 735 530 | 1 526 375 | 1 396 462 | 1 317 102 | 1 266 809 |



Inside the Langelier Real Estate Brokerage branch office.

Interest rates on different types of investments in Canada since 1955

(End of years)



Percentage of annual increase in the cost of living



Board of Directors

Honorary President
***Maurice Chartré, C.A.**
President/La Paix General Insurance Company of Canada

Chairman of the Board
***Arthur Simard, Q.C.**

President and Chief Executive Officer
***Robert Jussaume, LL.B., C.T.C.I.**

Executive Vice-President and General Manager
***Louis Archambault, LL.B.**

Vice-Presidents

***Jean-Louis Lévesque**
President/F-I-C Fund Inc.

***Marcel Piché, Q.C.**
Blain, Piché, Godbout, Emery & Blain, advocates

***Lavery Sirois, notary**
President/Le Prêt Hypothécaire

Directors

David Belhumeur, C.A.
President/Kebec Restaurants & Management Inc.

Roger Charbonneau, C.A.
Dean of l'Ecole des Hautes Etudes Commerciales de Montréal

Pierre Des Marais II
President/Pierre Des Marais Inc.

***Emile Desorcy, L.Sc. com.**
Censor/Crédit Foncier Franco-Canadien

Daniel O'Connel Doheny, Q.C.
Chairman of the Board/R.C.A. Ltd.

Paul-Emile Fortier
Vice-President/Sherbrooke Trust

Cal N. Moisan
President & General Manager Standard Paper Box Ltd.

***Isidore Pollack, Q.C.**
Létourneau, Stein, Marseille, Delisle & LaRue, advocates

Jacques St-Aubin

***Léon Simard**
President/Simcor Inc.

Raymond Sirois, M.Sc. com.
Chairman of the Board & Chief Executive Officer/Québec-Téléphone

*Members of Executive Committee

Executive Officers

President and Chief Executive Officer
Robert Jussaume, LL.B., C.T.C.I.

Executive Vice-President and General Manager
Louis Archambault, LL.B.

Vice-President, Finance and Administration
Maurice Myrand, C.A.

Vice-President, Investments and Corporate Trusts
Roger Chiniara, LL.L.

Vice-President, Trusts and Estates
Pierre Favreau, B.Sc. com.

Vice-President, Quebec Region
Gérard Laverdière, LL.L.

Vice-President, Marketing and Development
Gilles N. Besner, LL.L., F.T.C.I.

Vice-President, Administrative Services
Guy Achim, C.A.

Vice-President, Controller
Ronald Portugais

Assistant Vice-President, Finance and Administration
Anatole Côté, B.Sc. com.

Assistant Vice-President, Mortgage Loans
Réjean Ostiguy, L.Sc. com.

Assistant Vice-President, Corporate Trusts
Oscar Lauzon

Assistant Vice-President, Administrative Services
Gaston Pouliot, LL.B.

Treasurer
Gilles Séguin, C.A.

Secretary
Pierre Audet, LL.L.

Head Office

Montreal
909 Dorchester Blvd. West

Accounting
Jean-Guy Champagne
Data Center
Jacques Poirier
Estate Planning
Marcel Portugais, LL.L.
Investments
Investment Analysis and Management
Jean-Louis Desaulniers, M.Sc. com.
Bonds and Guaranteed Deposits
Denis Laberge
Investment Analysis and Management
Business Relations
Jacques Dupont, B.Sc. com.
Personnel
Louis M. Ronceau
Real Estate Sales
Jean Dagenais, B.Sc. com.
Retirement Savings Plans, Pension and Investment Funds
Business Relations
Jacques Nadeau
Savings
Jean Mosry
Systems and Procedures
Benoit Larouche

Branches

Montreal
909 Dorchester Blvd. West
Business Development
Jacques Nadeau
Estate Planning
Pierre Bauset
Mortgage Loans
Claude Charette, B.A.
Property Management
Denis Limoges
Real Estate Appraisal
Jules Lamy, C. App.
Retirement Savings Plans, Pension and Investment Funds
Management
Yvon Thériault
Savings
Gaétane Chiasson
Securities Department
Yvon Jean
Trusts and Estates
Maurice Dupras, C.G.A.
Estate Settlement and Distribution
Normand Laroche, C.A.
Management
Réal Mireault
Investment Analysis and Management
Fernand Perron
Word Processing Center
Marguerite Moquin, B.A.

Montreal
10 St. James Street
Corporate Services
Transfer Agencies
Claude Longpré, B.Sc. com.
Corporate Trusts
Jean Lagacé
Legal Consultant
André Rolland, LL.L.

Outremont
1 Vincent d'Indy
Manager
Robert Desfossés
Real Estate Sales
Gilles Perdriau
Savings
Denise Dumas

Quebec
1091 St. Louis Road
Vice-President and Manager
Gérard Laverdière, LL.L.
Branch Secretary
J.-C. Morisset, LL.L.
Branch Controller and Personnel
Gaston Gariépy
Business Development
François Reid
Corporate Trusts and Transfer Agencies
Paul Foley
Estate Planning
Raymond Lévesque, C.A.
Investments
Charles Laflamme, M.Sc. com.
Mortgages Loans
Marcel Drolet
Property Management
Jean-Claude Tremblay
Real Estate Appraisal
Marcel Dombroski, C. App.
Real Estate Sales
Yvon Gagnon
Retirement Savings Plans, Pension and Investment Funds
Pierre Rompré, M.Sc. com.
Savings
Louise Côté
Securities Department
Marc-André Grenier
Trusts and Estates
Management
Camilien Guay, R.I.A.
Personal Trusts
Marc-André Fortier
Settlement
Gilles Samson, C.G.A.

Levis
300 Côte du Passage
Manager
André Poiré, C.A.
Guaranteed Deposits
Léo Laliberté
Real Estate Sales
Yvon Gagnon
Savings
Francine Bolduc

Sept-Iles
690 Laure Blvd.
Manager
Roger Fiola
Chief Accountant
Rollande Bernier
Guaranteed Deposits
Marguerite Lapointe
Real Estate Sales
Laurie Leblanc, M.B.A.
Savings
Linda Branch

Trois-Rivières
1350 Royale Street
Manager
Gilles Le Tourneau
Assistant Manager
Louis-George Pérusse
Chief Accountant
Carole Bellerose
Mortgage Loans
Jean-Louis Dubois
Property Management
Emmanuel Griffin
Real Estate Sales
Paul-Yvon Lefebvre
Savings and Guaranteed Deposits
Carmen St-Antoine
Trusts and Estates
Gérard Larose

Chicoutimi
494 Champs Elysées
Manager
Gaston Auger, C.A.
Chief Accountant
Régis Munger
Mortgage Loans
Gilles Blouin, C. App.
Property Management
J. Maurice Cormier
Real Estate Sales
Gilles Lalonde
Savings and Guaranteed Deposits
Linda Tremblay
Trusts and Estates
Antoine Chantal, C.G.A.

Rimouski
12 St. Germain Street East
Manager
André Poisson, M.Sc. com.
Chief Accountant
Huguette Plante
Guaranteed Deposits
Pauline Label
Mortgage Loans
Jean-P. Trépanier
Property Management
Pierre Lévesque, B.Sp.A.
Real Estate Sales
Jean-P. Trépanier
Savings
Lynn Cliche
Settlement of Estates
Benoit Mercier

Rivière-du-Loup
108 Lafontaine Street
Manager
André Poisson, M.Sc. com.
Guaranteed Deposits
Pauline St-Pierre
Real Estate Sales
Rolland Bérubé

Hull
120 Principale Street
Manager
Jacques Goudreault, M.Sc. com.
Chief Accountant
Paul Lamoureux
Guaranteed Deposits
Diane Vaillancourt
Mortgage Loans
Paul E. Casavant
Property Management
René Leblanc
Real Estate Sales
Gilles R. St-Martin
Savings
Darlene Hassim

Ottawa
66 Slater Street
Manager
Gaston Durand, M.Sc. com.
Chief Accountant
Laurent Beaudry, L.Sc. adm.
Real Estate Sales
Hugo Bartoli

Moncton
770 Main, Place l'Assomption
Manager
Peter A. Dysart, B. Com.
Chief Accountant
André Alain
Mortgage Loans
Maurice Cormier, B. Com., B. Ed.
Real Estate Sales
Jean-Marie Johnson

Real Estate Sales Offices

Montreal/Centre
10 St. James Street
Manager
Roméo Lambert

Montreal/Langelier
3270 Langelier Blvd.
Manager
Jean Nesterenko

Longueuil
2864 Chamby Road
Manager
Odilon Laberge

Drummondville
215 Lindsay Street
Manager
Margo LaSalle

Shawinigan
794 5th Street, Suite 122
Manager
Paul-Yvon Lefebvre

Subsidiary Sherbrooke Trust

General Manager
Bruce D. Allanson
Treasurer
Mark Hayes
Secretary
Claude Métras, C. App.
Manager
Place Belvedere, Sherbrooke
Jacques Sirois
Manager
Carrefour de l'Estrie, Sherbrooke
Jean Ward
Manager
Cantlie House, Montreal
Roméo Vézina



Savings

True Savings Accounts
Chequing Accounts



Financial Services

Guaranteed Deposits
Investment Funds
— Equity Fund
— Mortgage Fund
— Bond and Mortgage Fund
Registered Retirement Savings Plans
Home Ownership Savings Plans
Registered Profit Sharing Plans
Income Averaging Contracts
Estate Planning



Real Estate Services

Real Estate Brokerage
Real Estate Administration
Mortgage Loans
Real Estate Appraisal



Trust Services for Individuals and Companies

Estate Settlement
Estate and Trust Administration
Charitable Foundations
Tutorship and Curatorship
to Property
Agency and Safekeeping
Investment Analysis and Management
Transfer Agent and Stock Registrar

A commitment to growth

Trust General occupies a unique place in the economic life of Quebec and its surrounding regions.

No other trust company covers the map quite like we do.

Wherever we are, our services, particularly in real estate, have become a vital part of development and as new centres grow we'll be there too, providing all the help that economic expansion requires.

Sept-Îles



Rimouski



Shawinigan



Quebec



Rivière-du-Loup



Moncton



Levis



Trois-Rivières



Drummondville



Hull



Montreal Outremont



Montreal Langelier



Ottawa



Montreal Place Ville-Marie



Montreal St-Jacques



Longueuil



Sherbrooke



Our services

Savings

Guaranteed Deposits

Investment Funds:

Equity Fund

Mortgage Fund

Bond and Mortgage Funds

Registered Retirement

Savings Plans

Home Ownership Savings Plans

Pension Funds

Registered Profit Sharing Plans

Income Averaging Contracts

Real Estate Brokerage

Real Estate Administration

Real Estate Appraisal

Mortgage Loans

Estate Planning

Estate Settlement

Estate and Trust Administration

Charitable Foundations

Tutorship and Curatorship

to Property

Agency and Safekeeping

Investment Analysis and

Management

Trustee for Corporate Financing

Transfer Agent and

Stock Registrar

